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# A Paradigm Shift in the Shopping Orientation of Rural Shoppers – An Empirical Study



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### ABSTRACT

Rural marketplaces in India have recently overtaken their urban counterparts in terms of demand and opportunity. As per the statement from McKinsey & Company, "Indian rural market, in the next twenty years will be greater than entire consumer market in South Korea and Canada as of now and it is almost four times bigger to the size of the urban Indian market." The study was conducted in six villages in Coimbatore, and a sample of 300 consumers was chosen based on disproportionate stratified random sampling. The major findings of the study show that marketing strategies adopted by the manufacturers are significantly associated with the amount spent by the consumers. It is found through binary logistics that the declarations like I share my spending practices with my friends, I go to a shop as I can look at an extensive variability of stock, an individual can save a portion by spending for giveaways, and I would shop from the adjacent store are consistently anticipated grounded on the category of gender.

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## 1.0 INTRODUCTION

Rural marketplaces in India have recently overtaken their urban counterparts in terms of demand and opportunity. As per the statement from McKinsey & Company, "Indian rural market, in the next twenty years will be greater than the entire consumer market in south Korea and Canada as of now and it is almost four times bigger than the urban Indian market. The size of the rural market in India is estimated to be USD577 billion" (Ablett *et al.*, 2007). Since individuals have debated the future of rural markets throughout several journals in both the commercial and academic worlds for the past 20 years, the development of rural markets and the ramifications that this has is not an entirely novel concept. There has been a wide range of reactions to rural India's prospects because of the absence of transportation services and infrastructure. The rural market is now a top goal for corporations, even though substructure and transportation infrastructure are still considered restrictions (Krishnan, 2009).

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## 1.1 Consumer Behaviour - Theoretical Framework

To comprehend the requirements and desires of rural consumers, an analysis of consumer behaviour is necessary. Such analysis aids and directs the assortment of tasks that make up the marketing programme.

Consumer behaviour in rural areas is even more puzzling because of the absence of uniformity across standardized groups based on demographic factors. Aside from the influence of caste and religion, other visual interactions like power and politics serve to amplify this idea.

According to findings of a study that ASSOCHAM commissioned in 2008, "rural areas were propelling the demand for FMCGs, automobiles and organised retail goods at a comparatively faster pace than the urban areas and thus, leading to a healthy increase in the revenue of companies despite the global recession" (Malviya *et al.*, 2017).

## 1.2 FMCG - An Overview

The fourth-largest economic sector in India is the FMCG industry, which has a \$13.1 billion market. This is a result of the presence of strong MNCs, which is indicated by a well-established supply chain, intense competition between organised and unorganised sectors, low working costs, easy access to raw materials, low labour costs, and occurrence along the entire value chain, all of which give our country a competitive edge (Krishnamacharyalu and Lalitha, 2002).

Urban and rural markets are also examined in the research, which is crucial since the attitudes of urban and rural buyers seem to vary significantly. A definition of rural marketing based on purchasing behaviour rather than environmental location is suggested by attitude discrepancies in rural marketing. This indicates that the distinguishing characteristic of rural marketplaces is the attitude, not location (Velayudhan, 2005). People's shopping habits vary widely in rural regions because of the wide range of macro-environmental elements (Bhave and Markale, 2008). Rural marketing is growing slowly, and the only way to make money in the rural market is to work hard and do things the right way.

## 1.3 Review of Literature

In research conducted by Jagwinder (2008) compared the opinions of rural and urban Indian consumers regarding imported goods and domestically produced goods. Due to the inclination of urban customers to associate their products with other personalities, style and look were given greater prominence than other aspects. Shirodkar (2005) provided valuable information about Chinese consumer habits by stressing the emphasis the consumer place on various factors. It was found that success could be secured if items were tailored to the unique preferences and customs of the Chinese people. In the Amritsar area of Punjab, Sukhmani and Hundal (2011) examined the role played by family members in determining purchasing choices. According to the research of Sharma *et al.*, (2002), while rural consumers in nearby villages want an urban lifestyle, their purchasing decisions are quite different from those of their urban counterparts. Jha (2013) investigated the elements influencing rural customers' purchase decisions. In research on the impact of sales promotions on customer preferences, price perceptions and deal proneness were moderators. Rao (2009) investigated if the three aspects of value awareness, deal proneness, and price consciousness had any effect on preference towards shop and brand and also the intention towards purchase.

### 1.4 Objectives

- To examine the buying behaviour of rural shoppers concerning FMCG.
- To determine the level of various factors influencing on buying behaviour of rural shoppers.
- To examine the shopping orientation of rural shoppers concerning FMCG.

## 2.0 RESEARCH METHODOLOGY

The study was conducted in six villages in the Coimbatore district with a sample size of 300 rural consumers who were chosen based on disproportionate stratified random sampling. Data were collected through the interview schedule method from the selected respondents.

### 2.1 Hypotheses

- **H<sub>0</sub>:** There exists no significant difference between the demographic characteristics and the factors that influence the buying behaviour of rural shoppers.

## 3.0 ANALYSIS AND DISCUSSION

Profile of the sample respondents showed that 26 to 35 years formed a significant part of the sample group, which had a higher female proportion than male. Illiterates dominated the study, and a good number of respondents were involved in agriculture, outnumbering respondents who spent less than ₹500 on personal care products and food & beverages. Most of them belong to the nuclear family.

The buying pattern of rural consumers shows that most consumers Purchase from local shops and generally travel a distance of less than 5 Km. They buy in more than one shop for a different range of products to the avail credit facility. Women make the purchase decision most of the time, and they do not bargain on many occasions while purchasing. Since they were weekly wage earners, a weekly purchase was more prevalent among the sample respondents. They were mostly habitual buyers, and shifting brands occurred mainly due to the impact of packaging and price rise. Regarding post-purchase assessment, very few consumers exhibit dissatisfaction while purchasing FMCG products.

*Table 1: ANOVA – Age & Qualification with Shopping Orientation*

Demographic Factors	Shopping Orientation	F	Sig. Value
Age	Gratification	.859	.462
	Information Search	.385	.764
	Pre-Purchase	.245	0.000
	Post Purchase	.356	0.00
Qualification	Gratification	5.916	.000
	Information Search	4.693	.000
	Pre-Purchase	1.800	.096
	Post Purchase	.920	.480

With respect to age, the significant value for pre-purchases and post-purchases is less than the 'P' value (0.05). Hence, the hypothesis is rejected, implying that there is a significant association between the respondents' age group and pre-purchase and post-purchase behaviour. In the case of

qualification, a significant value is less than 0.05 for gratification and information search, indicating that hypothesis is rejected, suggesting a significant relationship between qualification and the shopping orientation of the consumers (see Table 1).

*Table 2: Analysis of 't' Test – Gender and Type of Family with Shopping Orientation*

Factor	Shopping Orientation	F	Sig.	Accepted/Rejected	t	Sig	Accepted/Rejected
Gender	Gratification	.197	.658	Accepted	.088	.930	Accepted
	Information Search	.022	.882	Accepted	-2.036	.042	Rejected
	Pre-Purchase	10.43	.001	Rejected	.321	.748	Accepted
	Post Purchase	.056	.813	Accepted	1.209	.227	Accepted
Type of family	Gratification	.128	.720	Accepted	-1.170	.242	Accepted
	Information Search	8.64	.003	Rejected	-.096	.924	Accepted
	Pre-Purchase	4.50	.034	Rejected	.281	.779	Accepted
	Post Purchase	.033	.855	Accepted	.952	.342	Accepted

In the case of gender, the hypothesis is rejected since the significant value is less than 0.05 for pre-purchase, suggesting that there is no significant relationship between pre-purchase behaviour and gender. In the case of 't' value, the significant value is less than 0.05 rejecting the hypothesis stating that there is a relationship between gender and the information search behaviour of the respondents. Based on the above table, there is an association between the type of the family and information search and pre-purchase behaviour of the consumers (see Table 2).

*Table 3: ANOVA – Marketing Factors & Amount Spent*

Factors	Amount Spent	N	Mean	S.D.	Sum of squares	F	Sig.	Result
Price	Less than ₹500	170	24.3294	3.56142	184.352	5.735	.003	Significant
	₹501 to ₹1000	412	24.2524	4.27684				
	Above ₹1000	118	22.9068	3.63033				
	Total	700	24.0443	4.03625				
Packaging	Less than ₹500	170	32.3941	4.72473	455.231	10.543	.000	Significant
	₹501 to ₹1000	412	31.8495	4.54142				
	Above ₹1000	118	29.9407	4.89076				
	Total	700	31.6600	4.70945				
Brand	Less than ₹500	170	7.2824	2.68510	12.578	1.028	.358	Non-Significant
	₹501 to ₹1000	412	7.2816	2.45908				
	Above ₹1000	118	6.9237	2.18838				
	Total	700	7.2214	2.47352				
Quality	Less than ₹500	170	11.3471	2.32114	78.373	8.054	.000	Significant
	₹501 to ₹1000	412	10.5485	2.15236				
	Above ₹1000	118	10.6525	2.22025				
	Total	700	10.7600	2.22795				

It is inferred from the above table that p values are less than 0.05 for price, packaging, and quality, indicating that these factors have a significant relationship with the amount spent by the consumers on FMCG products (see Table 3).

*Table 4: Analysis of Chi-square and Correlation between Demographic Variables and Shopping Orientation*

Factors	Test (Sig. level)	Gratification	Information Search	Pre-purchase	Post-purchase
<b>Age</b>	Chi-square	0.094	0.356	0.168	0.138
	Correlation	0.116	0.992	0.133	0.607
<b>Gender</b>	Chi-square	0.245	0.205	0.034 <sup>s</sup>	0.418
	Correlation	0.930	0.042	0.748	0.227
<b>Qualification</b>	Chi-square	0.001 <sup>s</sup>	0.006 <sup>s</sup>	0.00 <sup>s</sup>	0.042 <sup>s</sup>
	Correlation	0.00	0.00	0.136	0.965
<b>Monthly Income</b>	Chi-square	0.00 <sup>s</sup>	0.080 <sup>s</sup>	0.00 <sup>s</sup>	0.077
	Correlation	0.588	0.538	0.089	0.821
<b>Occupation</b>	Chi-square	0.00 <sup>s</sup>	0.00 <sup>s</sup>	0.00 <sup>s</sup>	0.00 <sup>s</sup>
	Correlation	0.047	0.001	0.462	0.267
<b>Marital Status</b>	Chi-square	0.836	0.285	0.820	0.585
	Correlation	0.342	0.138	0.960	0.046

In the case of qualification, the p-value is less than 0.05. Hence there is an association between qualification and gratification, information search, pre-purchase and post-purchase behaviour. There is a strong correlation between qualification and post-purchase behaviour (0.965). There is a significant association between monthly income and four shopping variables. With respect to occupation, there is a significant association between occupation and four shopping behaviour. High correlation is there between age and information search, gender, and gratification; marital status and pre-purchase behaviour (see Table 4).

### 3.1 Binary Logistic Regression

An analysis of binary logistics was performed to find what factor statements are influenced by gender. An entire 300 items are involved and examined, and the whole model was suggestively reliable (chi-square=69.38 df=28, p<0.05). This prototypical accounted for between 9.7% and 12.3% of the variance in the type of gender. Generally, 61.9% of estimates were precise. It is found through binary logistics that the declarations like I share my spending practices with my friends, I go to a shop as I can look at an extensive variability of stock, an individual can save a portion by spending for giveaways, and I would shop from the adjacent store are consistently anticipated grounded on the category of gender.

## 4.0 CONCLUSION

The research demonstrates that demographic parameters such as “age, gender, marital status, occupation, qualification” considerably influence the buying behaviour of rural customers. Based on

the findings provided by binary logistic regression, rural consumers like to share their shopping experiences and go for bargaining as they can save money and shop from the nearest store are predicted by the logistic regression.

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